



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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February 5, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORITY TO UTILIZE MEMBERSHIP IN THE UNIVERSITY HEALTHSYSTEM
CONSORTIUM CAPITAL ASSET MANAGEMENT PROGRAM FOR EQUIPMENT
MAINTENANCE AND REPAIR AGREEMENTS**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Health Services (Director) to utilize the Department of Health Services' (DHS) membership in the University HealthSystem Consortium (UHC), and its group purchasing organization, Novation (formerly known as UHC Service Corporation), approved by the Board of Supervisors on November 18, 1997, with regard to the Capital Asset Management Program (CAMP) to enter into equipment maintenance and repair agreements for equipment items at Harbor-UCLA Medical Center (Harbor-UCLA), on a trial basis, at a cost not to exceed \$522,100 for the first twelve month period.
2. Instruct the Director to report back to the Board at the end of twelve months regarding the cost effectiveness of the pilot program and the Director's recommendation on whether to implement additional equipment maintenance and repair agreements throughout DHS.
3. If at the end of twelve months, a DHS review of the equipment maintenance and repair agreements determines that such agreements have been beneficial to Harbor-UCLA, delegate authority to the Director to enter into additional equipment maintenance and repair agreements under CAMP throughout DHS.

The report shall include: 1) the cost effectiveness of the pilot program at Harbor-UCLA, 2) projected annual savings, and 3) the success in improving the timeliness of obtaining services and timeliness in the payment of invoices.

per x-ray tube. Equipment may be added or deleted, as needed, and adjustments can be made to the budget accordingly.

The fees for CAMp are \$26,105 (5%) of UHC's quote plus \$6,526 (1.25%) for the stop-loss insurance policy for a total cost of \$32,631. These costs are included in the CAMp budget from UHC. Harbor-UCLA will be pre-billed one fourth of the total budget (\$130,525) on a quarterly basis.

CAMp is the only asset management program that returns all remaining funds in the primary fund each year, plus interest accrued. Secondary funds, once paid in, are held in reserve and will be returned plus interest accrued if DHS leaves the program.

CAMp provides management reports regarding the inventory and repair and maintenance costs of each piece of equipment allowing managerial planning regarding equipment replacement and utilization.

This pilot program may be terminated without cause by a 90-day prior written notice by either party, or by a 30 day written notice for cause by either party.

County Counsel has reviewed and approved this action for presentation to the Board.

The Department has determined that the proposed equipment maintenance and repair agreements under CAMp are not Proposition A contracts and that the Living Wage Ordinance Program (County Code Chapter 2.201) does not apply.

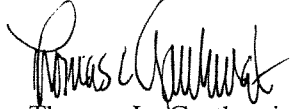
IMPACT ON CURRENT SERVICES (OR PROJECTS):

1. All current equipment maintenance/repair vendors will continue to service Harbor-UCLA, move to a time and materials basis. This ensures continuity of services.
2. Equipment can be added to the program at any time (UHC will prepare a supplementary quote) or deleted if removed from service. Billing by UHC can be adjusted for either additions or deletions of equipment. This is consistent with current Board approved agreements.
3. Repair and payment are accomplished in a timely manner and the clinical service suffers little to no downtime speeding patient flow and care. Currently, time and material services are provided via the purchase order process creating delays in payments and dissatisfaction among our vendors.
4. The program includes x-ray tubes and other materials (glass coverage) not covered under existing contracts. Because of the cost of the x-ray tubes and acquisition requirements in the current process, there are delays in securing the services and processing the payments. CAMp covers the tubes which will expedite repairs and avoid lapses in service.
5. CAMp monitors the maintenance and repair expenditures for each piece of equipment and compares the costs against industry benchmarks for similar equipment. CAMp can assist in negotiating rates with our vendors which are superior to the rates that we are currently paying using existing equipment agreements.

The Honorable board of Supervisors
February 5, 2004
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite".

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:atb

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

campdlt.wpd.dbc